



Montgomery County Council

For Immediate Release

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INITIAL COUNCIL SPENDING AFFORDABILITY LIMITS APPROVED; ASSUMES KEEPING PROPERTY TAXES AT CHARTER LIMIT

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The Montgomery County Council today approved initial Spending Affordability Guidelines for the coming fiscal year beginning July 1, 2005 that assume the County will adhere to the Charter limit on property tax revenue.

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The guidelines, which can be revised next spring when the Council has a better idea of expected revenue from all sources, are a yardstick for how much the County can afford to spend in the coming year, not the expected need for services.

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Under the County Charter, the County can only take in an amount of property tax revenue equal to the previous year's total, plus inflation and the value of new construction – unless seven of nine Councilmembers vote to exceed this Charter limit. The County's Office of Management and Budget estimated that property tax revenue for FY06 would be \$1.14 billion, \$ 64.7 million over the Charter limit. If the Council were to decide in the end to adhere to the Charter limit, the current property tax rate would have to be cut by 5.5 cents – from an average of \$1.07 to \$1.015 per \$100 assessed valuation.

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"This is just the beginning of the process," explained Councilmember Nancy Floreen, "but I think today's action shows the Council is sensitive to the rising property assessments and property taxes throughout the County."

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"If in the end we need more property tax revenue to meet our critical needs in education, transportation, and social services, so be it. But you don't start by assuming you are going to let property taxes go through the roof. You start by assessing what you need to do and matching your available resources -- by setting priorities. I want to meet our critical needs and offer property tax relief."

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"This provides the possibility of a framework that is sustainable, responsive to community concerns, and speaks to our long-term fiscal challenges," said Councilmember Marilyn Praisner.

"If we go with current rates on property taxes, most people's property taxes will double in seven years," said Councilmember Phil Andrews. "That's unreasonable."

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